

U.S. Department  
of Transportation

United States  
Coast Guard



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16711  
2 April 2001  
D8(m) Policy Ltr 07-2001

From: Commander, Eighth Coast Guard District  
To: Distribution

Subj: ALTERNATIVE COMPLIANCE PROGRAM (ACP) OVERSIGHT PLAN FOR NEW  
CONSTRUCTION PROJECTS

Ref: (a) NVIC 2-95, Change 1

1. Enclosure (1) is an oversight plan developed between MSO Mobile, the American Bureau of Shipping (ABS), and Lloyds Register of Shipping concerning the roles and responsibilities of each organization during construction of two passenger vessels being built under the Alternative Compliance Program (ACP). Implementation of this oversight plan establishes clear roles and responsibilities between the Coast Guard Officer in Charge Marine Inspection (OCMI) and the classification societies involved in these ACP new construction projects. All Eighth District OCMI's are strongly encouraged to establish similar oversight plans for new construction projects under the ACP.

2. The regulations in 46 CFR Part 8, Subpart D provide the authority and a broad outline of the relationships between the Coast Guard and recognized classification societies concerning the ACP. These regulations, however, provide little guidance on the appropriate level of Coast Guard oversight of recognized classification societies during the initial construction of a vessel under the ACP. Although reference (a) provides clarification of Coast Guard oversight responsibilities for new construction projects under the ACP, it lacks sufficient detail to act as a standalone guide. Enclosure (1) solves this problem by describing a detailed ACP new construction oversight plan. This plan properly focuses Coast Guard oversight attention on critical safety systems and their components. This risk based approach allows the OCMI to focus available resources in those areas most critical to the overall safety of the vessel.

3. The Eighth District Marine Safety Division will soon forward an electronic version of enclosure (1) to all Eighth District OCMI's. This will allow OCMI's to quickly create oversight plans for new construction projects in their zone being built under the ACP. In addition, we intend to forward enclosure (1) to Commandant (G-MOC) with a recommendation that this approach be adopted nationally.



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4. Should you have any questions, please contact LCDR Bill Daughdrill at (504) 589-6193 or  
LCDR John Cushing at (504) 589-6260.



R. J. MORRIS  
By direction

Encl: (1) Oversight Plan between the Coast Guard Marine Safety Office Mobile and the  
American Bureau of Shipping/Lloyds Register of Shipping with regards to the  
construction of Hulls #7671 and 7672 at Ingalls Shipbuilding under the alternate  
Compliance Program

Dist: All Eighth District MSOs, MSUs and MSDs

Copy: Commandant (G-MOC)  
Atlantic Area (Am)



**Oversight Plan between the Coast Guard Marine Safety Office Mobile and the American Bureau of Shipping/Lloyds Register of Shipping with regards to the construction of Hulls #7671 and 7672 at Ingalls Shipbuilding under the Alternate Compliance Program**

Purpose

This Oversight Plan (hereafter referred to as the Plan) serves as an agreement between the Coast Guard Marine Safety Office Mobile and the American Bureau of Shipping/Lloyds Register of Shipping (hereafter referred to as "Class") which establishes the roles, relationship, and responsibilities of the aforementioned parties with respect to the construction of Hulls #7671 and 7672 under the provisions of the Alternate Compliance Program (ACP).

Oversight by the Coast Guard described in this Plan is intended to ensure that Hulls #7671 & 7672 are designed and built to a level of safety equivalent to that achieved by comparable vessels certificated using the Coast Guard's traditional inspection techniques and regulations. The Coast Guard will accomplish this through a systematic oversight program that evaluates and documents:

- The material condition of the subject vessels with respect to the applicable Class rules, U.S Supplement, and international conventions;
- The effectiveness of Class surveys (adequacy of established survey procedures); and
- The compliance of the Class Society surveyors with respect to the applicable Classification Society process instructions and other guidance.

Assumptions

This Plan is premised on the assumption that the Coast Guard and Class will issue, under the provisions of the ACP, the following documents:

**USCG:**

- Certificate of Inspection
- Passenger Vessel Safety Certificate and Record of Equipment
- SOLAS Exemption Certificate (if applicable)

**Class:**

## Oversight Plan between the CG and Class with regards to the construction of Hulls #7671 and 7672 at Ingalls Shipbuilding under the ACP

- MARPOL 73/78 International Oil Pollution Prevention Certificate
- International Tonnage Certificate
- Classification Document with the following notations:
  - ✕A1 E Passenger Vessel, ✕AMS, ✕ACCU (ABS Designation)
  - ✕100A1 Passenger Ship ✕LMC ✕UMS (LR Designation)
- International Loadline Certificate
- Stability letter (Intact/damage)
- ISM documentation (owner's discretion for choice of class society)

Plan review and surveys conducted by Class on behalf of the Coast Guard will be in accordance with:

- ABS Rules for Building and Classing Steel Vessels (1998/99) and LR Rules for the Classification of Ships (1998),
- the US Supplement to ABS Rules for Steel Vessels for Vessels on International Voyages (dated 1 August 1997),
- applicable international codes and convention regulations, and
- applicable Class instructions and guidance.

Nothing in this Plan alters in any way the statutory or regulatory authority of the Coast Guard or the rules, services, and responsibilities of Class related to vessel classification.

### Parties/Points of Contact

**USCG:** The Officer in Charge, Marine Inspection (OCMI) Mobile AL is statutorily authorized to administer the laws and enforce the regulations for vessel inspections in his area of responsibility, which includes Ingalls Shipbuilding facility located in Pascagoula, MS. During the construction of Hulls #7671 and 7672, the OCMI Mobile will have a resident marine inspector officially assigned at Ingalls Shipbuilding who will conduct oversight activities as directed by this Plan and other applicable instructions. As circumstances and workload dictate, additional resources may be assigned as needed. The resident marine inspector will report to the Chief, Inspections Department MSO Mobile. The Chief, Inspections Department MSO Mobile will report to the OCMI Mobile. The Chief, Inspections Department MSO Mobile can be contacted at (334) 441-5284. The OCMI Mobile can be contacted at (334) 441-5201.

**Class:** The American Bureau of Shipping and Lloyds Register of Shipping will jointly class the subject hulls. Although two distinct class societies will be conducting survey activities, the ACP Class Site Representative will act as a single point of contact for ACP programmatic issues for the Coast Guard, while AMCV Project Senior Class Surveyor will act as a single point of contact for all survey activities. During the construction of Hulls #7671 and 7672, the ABS Mobile and Lloyds Register will have surveyors assigned to Ingalls Shipbuilding who will conduct survey activities as directed by this Plan and other applicable Class instructions. As circumstances and workload dictate, additional resources may be assigned as needed. The AMCV Project Senior Class Surveyor will report to Class Area Managers.

## Oversight Plan between the CG and Class with regards to the construction of Hulls #7671 and 7672 at Ingalls Shipbuilding under the ACP

### Oversight Activities

Coast Guard oversight is to be a systematic action in support of the stated goals and purpose of the ACP - to ensure that Hulls #7671 & 7672 are designed and built to a level of safety equivalent to that achieved by comparable vessels certificated using the Coast Guard's traditional inspection techniques and regulations. A risk-based approach combined with random sampling will be used to best focus scarce inspection resources. Coast Guard oversight activities for this project will not be a comprehensive reinspection of all items for which responsibility has been delegated to Class, nor will it include "traditional Coast Guard inspections" to verify compliance with domestic regulations (It should be noted that the Coast Guard will conduct some "traditional inspections", vice oversight activity, prior to issuance of the vessel's COI, in particular in the area of vessel manning and crew competency).

Oversight activities will serve as a basis to evaluate both the material condition of the vessels with respect to applicable Class rules, US Supplement, and international conventions and as a basis to evaluate the effectiveness of Class surveys and compliance of surveyors with applicable process instructions and other guidance. As such, Coast Guard inspectors will not share inspections with Class, but shall only serve as an auditor of Class surveyor activity.

Coast Guard inspectors may be accompanied or unaccompanied by a Class surveyor when conducting oversight activities. Whether accompanied or not, Class will be furnished with a completed copy of an OCMI oversight report. In addition, an oversight inspection may be formal or informal. Formal oversight inspections are for evaluation of the material condition of the vessel or surveyor performance, while informal inspections are primarily for system familiarization. The focus and level of oversight will be as described below

#### **Focus/Level of Oversight:**

Coast Guard oversight of class surveys of identified critical safety systems and their components will be non-discretionary and will compose the bulk of the total oversight activity. Identification of critical systems was based on objective (historical casualty data) and subjective (expert opinion on relative risk of failure) risk assessments. The remainder of oversight activity will be at the discretion of the OCMI Mobile and Coast Guard resident marine inspector and be based on resource availability, past performance of shipyard quality control, class expertise in that area, etc.

The following (Table 1) is a listing for this project of vessel systems and their respective oversight designations.

**Oversight Plan between the CG and Class with regards to the construction of Hulls #7671 and 7672 at Ingalls Shipbuilding under the ACP**

**Table 1 Vessel Systems Designation**

Non-discretionary oversight activities	Discretionary oversight activities
Structural fire protection Fire extinction & detection Lifesaving systems Steering, including steering gear and rudder Vital system automation Egress/means of escape Emergency power Navigation equipment and publications Firemain system Pollution prevention General alarm system	Bilge and ballast system Structure Propulsion machinery and associated auxiliary equipment Mooring equipment Internal Communications Ground tackle Auxiliary boilers Pressure vessels Ventilation Electrical systems Internal combustion engines Miscellaneous systems not mentioned above

**Identification, tracking, and resolution of non-conformities**

In general, a non-conformity can be defined as a non-fulfillment of a specified requirement. With regards to this Plan, non-conformities can be classified as either material deficiencies (Type I) or classification society survey process problems (Type II) identified during the normal course of surveying and oversight by both Coast Guard and Class. The ultimate purpose of the identification of non-conformities should not be to assign blame but to identify the break down in the process that allowed it to happen. The corrective action cycle for any non-conformity identified is outlined below.

**Table 2 Corrective Action Cycle**

Steps:	Action Required by:
Detect non-conformity	(CG & Class)
Determine Extent of non-conformity	(CG & Class)
Apply Immediate Corrective Action	(Class)
Identify Root Causes	(Class)
Decide and apply appropriate corrective action to prevent recurrence	(Class)
Verify Corrective action	(CG & Class)
Maintain the improvement	(Class)
Follow-up	(CG& Class)
If effective, close out	(CG& Class)

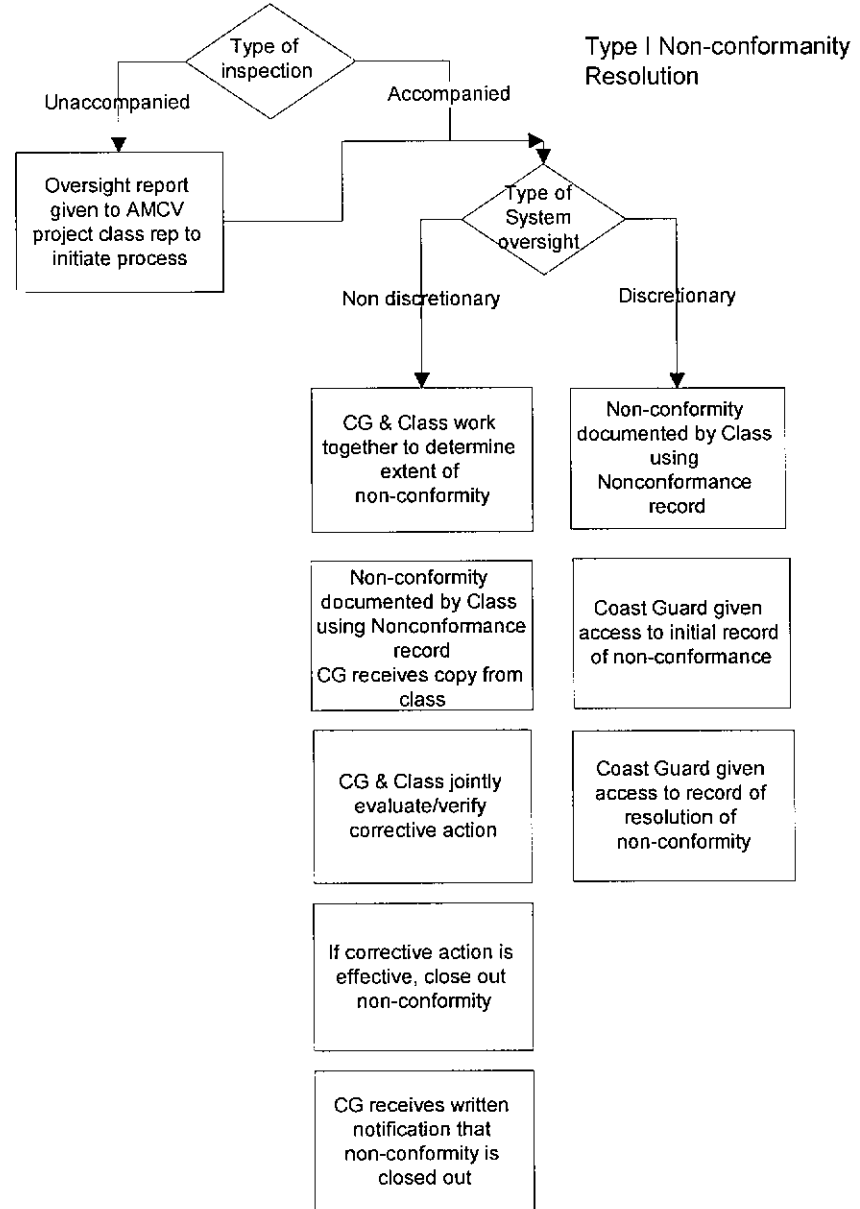
## Oversight Plan between the CG and Class with regards to the construction of Hulls #7671 and 7672 at Ingalls Shipbuilding under the ACP

### Type I non-conformities:

Type I non-conformities will be documented by Class and processed using procedures established by Ingalls Shipbuilding. An unsatisfactory condition, which may be eliminated by minor rework or without additional direction, is to be documented on rejected Inspection Reports or appropriate electronic worklists in accordance with established Ingalls Shipbuilding Quality Information System (QIS) procedures. A Nonconformance record (NCR), Form TF-187H, will be generated and entered into the Ingalls Shipbuilding QIS to identify, track, and report significant departures from contract, design, operational functions, workmanship standards, or procedural requirements which would require extensive rework or additional direction. The NCR information and status will be available to Class and OCMi Mobile in the QIS database

Type I non-conformities identified by a Coast Guard marine inspector during unaccompanied oversight activity will initially be documented on an "Oversight Report" drafted by the auditing Coast Guard inspector. The Coast Guard will provide the AMCV Project Class representative with a copy of the Oversight Report which describes the non-conformity observed.

For systems designated as non-discretionary in Table 1 under *Oversight Activities*, the Coast Guard marine inspector will work with the Class surveyor to determine the extent of the non-conformity, i.e. does this problem exist only at this bulkhead penetration, watertight door,





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lighting fixture, etc. or is it a problem throughout the vessel (systematic). After determining the extent of the non-conformity, it will enter the established shipyard quality system using the appropriate form – either an electronic worklist or NCR.

Although Ingalls Shipbuilding will track and resolve all type I non-conformities identified, all information to the Coast Guard regarding material non-conformities will flow through Class. For a systematic non-conformity (numerous occurrences of the same problem, i.e. a number of fire detectors that are inop, many HVAC structural fire protection penetrations that are incorrect, etc) of non-discretionary systems, OCMI Mobile will be notified when appropriate corrective action has been applied to prevent recurrence. This notification will be in the form of a Nonconformance report from the existing Ingalls Shipbuilding quality system. OCMI Mobile will jointly follow-up with Class on the corrective action and evaluate its effectiveness. If effective, the non-conformity will be closed out.

**Type II non-conformities:** Type II non-conformities will be documented by Class and processed using established Class procedures. A Corrective Action Report (ABS) or Non-compliance/Observation Note (LR) will be generated and entered into either the ABS or LR quality system.

If a Coast Guard Marine Inspector observes a suspected Type II non-conformity, it will initially be documented on an “Oversight Report” and submitted to OCMI Mobile. If after review of the observation, OCMI Mobile determines a suspected Type II non-conformity exists, the AMCV Project Class representative will be notified. A corrective Action Report or Non-compliance/Observation Note will be generated and a copy submitted to OCMI Mobile. OCMI Mobile will receive written notification of proposed corrective action. If the corrective action is effective, OCMI Mobile will receive written notification when the non-conformity is closed out.

### Appeals, Interpretations, and Equivalencies and Exemptions from International Convention Requirements

**Appeals:** Appeals regarding decisions made by either Class or the Coast Guard from the owner or shipyard can be one of three types:

- Appeals concerning Class decisions pertaining to Class Rules
- Appeals concerning Class decisions pertaining to the US Supplement or International Codes and Conventions
- Appeals concerning Coast Guard Decisions

Detailed instructions on resolution of appeals can be found in Enclosure (6) of NVIC 2-95, Change 1. As stressed on the following page under *Communications*, a key to the success of this project is the free flow of information regarding the nature, status, and resolution of these three types of appeals. Bearing this in mind, all appeals received by Class (with the exception of appeals concerning Class rules) concerning Inspection and Examination requirements along with Class evaluation and recommendations shall be routed to Commandant (G-MSE) via the OCMI

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Mobile for endorsement. OCMI Mobile will notify Class of any appeal decisions made by the Coast Guard. All appeals of this type will be processed as quickly as possible and be in accordance with Title 46 Code of Federal Regulations Subpart 1.03.

Following final action on appeals of classification rules made by Class, Class will notify the OCMI Mobile of their decision.

**Interpretations:** As defined in Enclosure (6) of NVIC 2-95, an interpretation is policy by a cognizant authority that established acceptable methods of compliance with applicable Rules, regulations, or standards for which there may be a variety of possible approaches to compliance. Class is the cognizant authority for interpretations pertaining to those classification Rules that are part of the ACP requirements. The Coast Guard is the cognizant authority for interpretations of the Class US supplement and international codes and conventions.

Similar to the procedures outlined above for appeals, all requests for interpretation of Inspection and Examination requirements received by Class, with the exception of interpretations concerning Class classification rules, along with their recommendations shall be routed to Commandant (G-MOC) via the OCMI Mobile for endorsement. OCMI Mobile will notify Class of any interpretations made by the local Coast Guard.

Following final action on requests of interpretation of classification rules, Class will notify the OCMI Mobile of their decision.

### Communications

Open and extensive communications as outlined in the respective memorandums of understanding between the Coast Guard and Class are vital to the success of this project. These communications are to take the form of regular meetings between the Coast Guard and Class and access to forms, reports, letters, and plans as specified in this section.

It is emphasized that all official Coast Guard communications, whether oral or written, will be with the AMCV Project Senior Class Surveyor. Dialogue by Coast Guard Inspectors with shipyard representatives concerning quality control, material deficiencies, non-conformities noted, etc. are not encouraged.

**Meetings:** During normal workdays, daily contact will be made between the Coast Guard resident marine inspector and Class surveyors assigned to the project. Among other things, the focus of these informal daily discussion will be:

- Particular equipment, components, or systems scheduled for survey, test, inspection, or examination – including time, location, survey/inspection criteria, applicable Class process instruction, whether Coast Guard and/or Class will be attending inspection.
- Number, identities, and qualifications/experience of surveyors/inspectors on the job site.
- Which equipment, components, or systems have successfully passed Class survey during the previous day.
- Any non-conformities identified by Class during the previous day.

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The Coast Guard resident marine inspector may wish to periodically attend meetings between Class and the owner's or shipyard representatives. However, attendance is strictly for project familiarization and informational purposes. All Coast Guard concerns regarding quality control, production, etc. will be directed to Class.

Monthly meetings will be held between the Chief, Inspections Department MSO Mobile, MSO Mobile ACP officer, and the AMCV Project Senior surveyor. Attendance by the Coast Guard resident marine inspector and Class surveyors assigned to the project is at the discretion of their respective supervisors. Class area Managers will attend as considered necessary. Among other things, the focus of these monthly meetings may be:

- Status of plan review by Class and oversight plan review by the Coast Guard.
- Which equipment, components, or systems have successfully passed Class survey.
- Number, identities, and qualifications/experience of surveyors/inspectors on the job site.
- Status of any Class process type non-conformities identified by Class or Coast Guard inspectors.
- Recurring material deficiency non-conformities noted.
- Status of construction/changes to timeline of project.
- Status of items under appeal.

**Availability of Plans and plan review comment letters:** To best facilitate Coast Guard general familiarization with the project, Class will copy OCMI Mobile on all plan review comment letters for approved plans. Class will provide to OCMI Mobile approved copies, which may be reproductions of originals, as they become available of the following plans/details:

- General Arrangement Plan
- Structural fire protection plan, including typical penetration details (both piping and HVAC) and material certifications
- Fire protection, detection, and extinction plans
- Lifesaving plans
- Automation test procedures
- Fire and Safety Plans
- Approvals on applicable equipment

Class will provide access to all other vessel plans for the Coast Guard resident marine inspector.

All plans and plan review comment letters received by the Coast Guard from Class or the vessel owners will be considered as proprietary unless otherwise noted and be handled accordingly.

**Non-conformity reports:** As outlined above in *Identification, tracking, and resolution of non-conformities*, the Coast Guard will receive all reports of type I non-conformities of non-discretionary systems and type II non-conformities from Class. The Coast Guard will have access to all other non-conformity reports. Subsequent to implementation of a corrective action for a type II non-conformity of a non-discretionary system, OCMI Mobile will receive written

## Oversight Plan between the CG and Class with regards to the construction of Hulls #7671 and 7672 at Ingalls Shipbuilding under the ACP

notification of the proposed corrective action by receipt of Corrective Action Report. When a non-conformity is closed out, OCMI Mobile will receive notification by either a completed Nonconformance Record (non-discretionary type I) or a Corrective action Report (type II).

**Coast Guard Oversight Reports:** Following review by OCMI Mobile of an oversight report generated by the Coast Guard resident marine inspector, Class will receive a copy of the report for their records. Class comments or questions regarding any oversight report received may be addressed to the resident marine inspector or Chief, Inspections Department MSO Mobile.

**Appeals and interpretation requests:** As outlined above in *Appeals, Interpretations, and Equivalencies and Exemptions from International Convention Requirements*, Class will notify OCMI Mobile following final action on appeals and interpretations of classification rules. OCMI Mobile will notify Class of any appeal or interpretation decisions made by the Coast Guard.

### Issuance of Statutory/Classification Certificates

As stated above under *Assumptions*, this Plan is premised on the assumption that the Coast Guard will issue the COI and Passenger Ship Safety Certificate, and Class will issue the classification document, International Oil Pollution Prevention Certificate, International Loadline Certificate, and the International Tonnage Certificate.

The vessel's Passenger Ship Safety Certificate will be issued by the Coast Guard after:

- Successful oversight of Class surveys for issuance of the Passenger Ship Safety Certificate
- Evaluation of any outstanding conditions of class
- Receipt of prima fascia evidence from Class that all surveys have been completed for issuance of the Passenger Ship Safety Certificate. This evidence will include a completed Passenger Ship Safety Certificate Survey checklist issued by ABS, a completed Record of Equipment attachment to the Passenger Ship Safety Certificate for the subject vessel, and a Statement of Fact Report.

The vessel's COI will be issued by the Coast Guard after:

- Issuance of the vessel's Passenger Ship Safety Certificate
- Successful oversight of vessel construction, including determining the status of all non-conformities identified during construction
- Receipt of written notification from Class that the vessel complies with the applicable US Supplement
- Issuance of the Classification Document
- Completing the crew proficiency drills
- Completing a crew license check

As ABS is currently authorized to fully participate in the ACP, the following entry will be placed in the Vessel File Operating Details (VFOD) for inclusion on the COI:

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“This vessel has been inspected and certificated in accordance with the terms and conditions specified in the US Coast Guard’s Alternate Compliance Program (ACP). Date of ACP enrollment: (DDMMYY).”

Revision of the Plan

The Plan should be reviewed during the monthly meetings between Chief, Inspections Department MSO Mobile, MSO Mobile ACP officer, and the AMCV Project Senior surveyor. In the event that the assumptions that the Plan is based on change or any other revision to improve the effectiveness of the oversight process is warranted, amendment of this Plan is permitted, provided Class and OCMI Mobile mutually agree upon it in writing.

Signed:

J.J. KICHNER  
Captain, US Coast Guard  
Officer in Charge, Marine Inspection  
Mobile, AL  
Date:

SKIP SMITH  
Gulf Regional Manager  
American Bureau of Shipping  
Date:

G.L. BROWN  
USA Gulf Region Manager  
Lloyd’s Register North America Inc.  
Date:

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